

**MINUTES  
EAGAR TOWN COUNCIL  
WORK SESSION  
22 W. 2<sup>nd</sup> St., Eagar, AZ  
April 7, 2015 – 6:00 P.M.**

Mayor Bryce Hamblin called the Work Session to order.

COUNCIL PRESENT: Bryce Hamblin, Mayor  
Steve Erhart  
Debra Seeley  
Winslow McNeill

COUNCIL ABSENT: James Nelson, Jr., Vice Mayor  
John O. Phelps  
Allen Browning

STAFF PRESENT: Tami Ryall, Town Manager  
Bruce Ray, Community Development/Public Works Director  
Eva Wilson, Town Clerk  
Katie Brady, Finance Manager  
Mike Hogan, Police Chief  
Frank Adams, Fire Chief

1. WORK SESSION TO DISCUSS THE FISCAL YEAR 2015-2016 TENTATIVE BUDGET

Mayor Hamblin turned the time over to Town Manager Tami Ryall. Ms. Ryall provided various budget formats for the Council's information including the copy machine data as requested; the budget as formatted by Caselle, the budget formatted in Excel, and a summarized table of the five-year budget; as well as the presentation documents.

Ms. Ryall began with trending reports in all funds. Local Sales Composition graph showed highest earners with accommodation collecting the most in local sales tax at 47%, communications and utilities at 17%, and construction at 11%. The Local Sales Tax Trend by Month shows the last four years of local sales tax trend with the months of November and January historically trending the highest.

Stated Shared Revenues trend by month show January and the summer months as trending highest and as state shared revenues are effected by retail sales, seem to be more stable.

Highway User Revenue Funds (HURF) trending is much more obvious showing when travelers and vacationers are in the area during the summer months well into October when many hunting activities are in full swing.

Utility trending shows that June is the highest sales month for water flanked by May and July.

Ms. Ryall listed the changes to expect in the upcoming fiscal year:

- General Fund expenses will be down \$347,014 through a thorough review of actual vs. budget
  - Allocation changes
  - Increases in Public Safety Personnel Retirement System (PSPRS) due to state litigation \$52,000
  - Increase in Worker's Compensation rates \$100,000
  - Expense of Arizona Department of Revenue collecting local transaction privilege tax \$10,610
  - Increase in health benefit cost \$31,236
- Utility Fund and HURF relatively healthy
  - Two-year freeze in sewer rates
  - HURF projects over-programmed to pay down balance
- First fiscally constrained Capital Improvement Plan (CIP)

Ms. Ryall's recommendations for the 2015-16 fiscal years include:

- Pay off Ramsey Park North over two years
- Pay off smallest of Water Infrastructure Financing Authority (WIFA) (sewer bonds) over three years
- Freeze sewer rates for two years
- Update the Water and Wastewater Rate Study for next year to have a better picture for water rates
- Continue analysis of options with Bond Counsel for refinancing/restructure 2007 Greater Arizona Development Authority (GADA) bonds
- Apply retired debt service payments to start saving to pay off 2007 GADA bonds or other debt
- Annually integrate five-year CIP into budget
- Annually readjust cost allocations between departments to reflect work flow
- Analyze cost containment strategies for health benefit costs for FY 16-17
- Prepare an analysis of computer ages, software, etc.
- Continue to over-program the HURF to start reducing the balance over the next five years
- Increase Local Government Investment Pool (LGIP) balances to equal two quarters of expenses within less than three years
- Prepare policies for Council consideration on project delivery – internal vs. contractor, maintenance vs. a new project

In discussing the debt pay off in depth, the recommendation of paying off Ramsey Park North can conservatively occur in two years with two payments of \$216,540. WIFA sewer bonds debt payoff, based on the trend, can occur three years with three payments of \$51,965. The impact to the fund balance in the first year would be \$63,000; the second year \$50,000-85,908; and the third year at zero with a total savings in interest of \$167,021. The overall fund balance trend over the last eight years showed June 2009 at \$43,702 with two negative years in 2011 and 2012 and a fund balance as of January 2015 at \$350,490 and the Town is trending ahead of that currently.

LGIP total fund balance is \$1,295,347, with \$73,672 of that WIFA Reserves; \$426,848 is HURF; and \$795,827 is combined Utility and General Fund. This is the area where the debt would be paid from if the Council requests that the bonds or debt are to be retired early.

Councilor Steve Erhart noted that if the Town pays off Ramsey Park North in one year, the Town will realize a growth of \$90,000. Ms. Ryall added that based on her recommendations the savings would go into a separate account to start accumulating payments to pay down the 2007 GADA bonds that are callable in 2018. After much discussion the Council was more agreeable to paying off the Ramsey Park North loan immediately to be done with it and to realize the biggest interest savings. Ms. Ryall noted that by paying off the entire Ramsey Park North, the General Fund balance will be depleted in its entirety and affirmed to Mayor Hamblin that it would be back in a year's time.

Ms. Ryall asked for opinions regarding the sewer bonds that have to be paid off with Utility Funds and if the Council is good with retirement of that debt in three years. Councilor Erhart stated that the Town would have at least a year to ascertain that revenues continue as projected.

In reiteration Ms. Ryall, for the tentative budget adoption, will budget pay off of Ramsey Park North in full, determine what the growth and revenue trend will support in consideration of the sewer bonds and then determine pay off in two or three years.

Ms. Ryall reviewed the Health Benefits Overview document showing all breakdowns of the Town's employee and dependent coverage and then other impacts of reducing the Town contribution for dependent coverage at 60% and 65%. Health benefits will be analyzed further for cost-containment strategies.

The proposed budget calendar has scheduled adoption of the tentative budget on May 5<sup>th</sup> and adoption of the final budget for June 2<sup>nd</sup>.

The Council work session adjourned at 6:54 p.m.

Attest: \_\_\_\_\_

Mayor: \_\_\_\_\_

Vice-Mayor: \_\_\_\_\_

Council: \_\_\_\_\_

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